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SOURCE Hsin Min-chu Chu-i Ching-chi Chiao-ch'eng (Text of Economic Principles
of the New Democracy), pp 144-148,

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PRINCIPLES OF FOREIGN TRADE IN COMMUNIST CHINA

Meng Hsiao-chang

The foreign trade policies of the New People's Democracy cannot be the same as the policies of the Kuomintang, which destroyed production and stifled exports. We cannot follow England's policy of free trade, nor the usual capitalist policy of tariff agreements, and of high taxes which close the door to trade. Antarchy will not suit our purposes, nor can we yet use the Soviet Union's policy of state-controlled trade. Our policy must be a form of planned control of foreign trade. Controlled buying and selling in the New People's Democracy will stop currency fluctuations. However, we will still need private capital as long as it is not completely independent from government control.

China has neither the industry nor the shipping necessary to carry out the policy of free trade such as England advocated in the periods when her products were able to overcome any competition. An industrially backward country cannot follow such a policy.

We cannot follow the policy of trade agreements as practiced by most of the capitalist countries since such a policy is designed to benefit only the capitalist classes at the expense of the producing classes. The Soviet Union's policy will not work for us yet because, in our economy, we have not reached their position of full socialism and elimination of private ownership.

Since none of these policies are suitable, we must adopt a different one of planned foreign trade with a system of protective tariffs. The tariffs must protect domestic industries, but they must be planned to ensure the entry of the required amounts and categories of products needed in reconstruction and to regulate exports. Both public and private commercial enterprises will enter foreign trade, so it is up to the public organizations to set prices and policies in a manner which will be beneficial to the economy. Private organizations will deal in commodities not handled by the public organizations, or will be responsible to these organizations.

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Our foreign trade will be the exact opposite of that of the capitalist countries. We will not struggle to monopolize world markets, nor will we attempt to benefit at the expense of the backward nations. We will not have any one-sided selling policies and will not enter into commercial plundering with unequal prices. Our industrial development must be in line with a rise in standard of living of the entire nation and must guarantee continued expansion of all internal markets. Under these conditions we are willing to trade with any countries which will treat us as equals. Naturally, this trade will be controlled so that it will be beneficial to our planned economic reconstruction and so that any destructive, reactionary plans will be effectively blocked.

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